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ORIGINAL**BEFORE THE ARIZONA CORPORATION COMMISSION****RECEIVED****COMMISSIONERS**

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Arizona Corporation Commission

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IN THE MATTER OF THE APPLICATION OF
WILHOIT WATER COMPANY, INC.,
THUNDERBIRD MEADOWS SYSTEM, FOR
RETROACTIVE APPROVAL OF A
FINANCING APPLICATION.

DOCKET NO. W-02065A-07-0306

IN THE MATTER OF THE APPLICATION OF
WILHOIT WATER COMPANY, INC.,
THUNDERBIRD MEADOWS SYSTEM, FOR
APPROVAL OF A FINANCING APPLICATION.

DOCKET NO. W-02065A-07-0307

IN THE MATTER OF THE APPLICATION OF
WILHOIT WATER COMPANY, INC.,
THUNDERBIRD MEADOWS SYSTEM, FOR
APPROVAL OF A PERMANENT RATE
INCREASE

DOCKET NO. W-02065A-07-0312

IN THE MATTER OF THE APPLICATION OF
WILHOIT WATER COMPANY, INC.,
THUNDERBIRD MEADOWS SYSTEM, FOR
THE APPROVAL OF A FINANCING
APPLICATION.

DOCKET NO. W-02065A-08-0138

PROCEDURAL ORDER**BY THE COMMISSION:**

On May 21, 2007, Wilhoit Water Company, Inc., Thunderbird Meadows System ("Applicant" or "Company") filed the following applications: an application requesting approval of retroactive financing in the amount of \$15,000 in Docket No. W-02065A-07-0306; an application requesting approval of financing in the amount of \$131,059 in Docket No. W-02065A-07-0307; and an application requesting approval for a permanent rate increase in Docket No. W-02065A-07-0312.

On June 19, 2007, the Company filed certification that it had mailed public notice to its customers of its rate application, but there is no indication that notice was provided on its financing applications.

1 On June 20, 2007, pursuant to A.A.C. R14-3-103, the Commission's Utilities Division
2 ("Staff") issued a Notice of Insufficiency with respect to the Company's rate application.

3 On July 18, 2007, the Commission held a public comment hearing in Wilhoit, Arizona.

4 September 10, 2007, pursuant to A.A.C. R14-2-103, Staff issued a Notice of Sufficiency with
5 respect to the Company's rate application and classified the Company as a Class D Utility.

6 On September 19, 2007, Staff filed a Motion to Consolidate the above-captioned proceedings
7 because Staff believed that the applications could be more efficiently handled if the matters were
8 combined into a single proceeding.

9 On September 25, 2007, by Procedural Order, the above-captioned proceedings were
10 consolidated.

11 On October 19 and 24, 2007, by Procedural Orders, the Commission scheduled a public
12 comment hearing on the applications on November 15, 2007, at the Wilhoit Southern Baptist Church
13 in Yavapai County, Arizona.

14 On October 31, 2007, the Company filed certification that it had provided public notice of the
15 scheduled public comment hearing on October 29 and 30, 2007.

16 On November 9, 2007, Staff filed its report recommending approval of its proposed rates and
17 charges. Staff further recommended that the Company's retroactive financing application for
18 \$15,000 be denied and its financing application for \$131,059 be approved. Additionally, Staff
19 indicated that the Company needs to invest in a new water source with an estimated cost of
20 approximately \$100,000 and also recommended approval of this sum as long-term debt. However,
21 the Company had not yet filed an application for approval of the additional long-term debt
22 recommended by Staff.

23 On November 15, 2007, the Commission held a public comment hearing as previously
24 ordered.

25 On November 19, 2007, the Company filed objections to Staff's recommendations with
26 respect to Applicant's rate application and the denial of its financing application for \$15,000. The
27 Company also objected to Staff's estimate of the cost of a new water source as being insufficient.

28 On January 7, 2008, by Procedural Order, before the Company's rate application could be

1 addressed, the Company was ordered to file an additional financing application in light of Staff's
2 recommendations for the financing of a new water source. Additionally, the Company was ordered
3 to provide public notice of the previous financing applications and the new financing application in a
4 form and manner approved by Staff. Lastly, the time-frame in the rate proceeding was suspended
5 pending Staff's review of the Company's new financing application after which Staff was to an
6 amended Staff Report concerning the Company's rate application and a Staff Report on the
7 Company's new financing application before a hearing is scheduled on the applications.

8 On March 6, 2008, the Company filed an application with the Commission for an Order
9 authorizing applicant to issue \$345,000 of debt in Docket No. W-02065A-08-0138.

10 On April 25, 2008, Staff filed its amended Staff Report on the earlier filed applications and its
11 new Staff Report on the Company's recently filed financing application.

12 On April 28, 2008, Mr. Daniel E. Furnas filed a Motion to Intervene. No objections were
13 filed to Mr. Furnas' Motion.

14 On June 5, 2008, by Procedural Order, Mr. Furnas was granted intervention.

15 On June 12, 2008, by Procedural Order, the Company's financing application in Docket
16 No. W-02065A-08-0138 was consolidated with the above-referenced proceedings and a procedural
17 conference was scheduled on June 30, 2008, concerning the respective applications.

18 On June 30, 2008, the Company and Staff appeared at the procedural conference with counsel.
19 Mr. Furnas did not appear. The parties discussed the pending issues in the proceeding and the
20 Company's counsel indicated that the Company no longer had any objections to any of Staff's
21 recommendations in the proceeding and was in agreement with them. However, before further action
22 could be taken on the respective applications, the presiding Administrative Law Judge determined that
23 the Company would have to provide Staff with updated expense figures on its financing request with
24 respect to its proposed new water source in Docket No. W-02065A-08-0138, which in part may be
25 affected by the outcome of the Company's pending Complaint against Walden Meadows Community
26 Co-op ("WMCC") in Docket No. W-02369A-08-0260, et al. Following the Company's update, Staff
27 was to file by August 4, 2008, a response which set forth its proposed alternatives for financing and
28 Staff's recommended base and commodity rates and surcharges for approval by the Commission.

1 On August 4, 2008, after the Company provided Staff with updated expense figures related to
2 its financing for a new water source, Staff filed its response, and recommended two alternatives for
3 surcharges depending on the amount financed, but the surcharge amount could not be determined
4 until the Company's Complaint against WMCC was resolved after which the revenue needed to
5 service the debt on the amount to be financed could be determined.

6 On August 8, 2008, by Procedural Order, this proceeding and the time-frame were suspended
7 until further Order and until a resolution could be reached in Applicant's Complaint against WMCC
8 in Docket No. W-02369A-08-0260, et al.

9 On December 8, 2008, Applicant and WMCC filed a joint stipulation to dismiss the
10 Complaint in Docket No. W-02369A-08-0260, et al.

11 On December 16, 2008, by Procedural Order, the Complaint by the Company against
12 WMCC in Docket No. W-02369A-08-0260, et al. was dismissed.

13 On December 18, 2008, by Procedural Order, a status conference was scheduled on
14 January 21, 2009.

15 On January 21, 2009, the status conference was held as scheduled. Staff appeared with
16 counsel and a consultant appeared for the Company. Mr. Furnas did not attend. The parties
17 discussed the pending issues in the proceeding since the dismissal of the Company's Complaint in
18 Docket No. W-02369A-08-0260, because the issues had been resolved. The Company agreed to
19 withdraw its pending financing application for \$345,000 in Docket No. W-0206A-08-0138 since the
20 funds were no longer required to finance a new water source because the Company had reached an
21 agreement to purchase water from the Walden Meadows Community Co-op. The Company's
22 consultant acknowledged that the Company has no objections to Staff's recommendations in the two
23 remaining financing applications and its rate application in this proceeding. Subsequently, the
24 Company's consultant filed a letter withdrawing its application for financing approval in Docket No.
25 W-02065A-08-0138 and indicating its support of Staff's recommendations in the remaining three
26 dockets in this proceeding.

27 During the discussion concerning this proceeding, the Company's consultant acknowledged
28 that the Company has not yet resolved its problem with the Yavapai County Treasurer to pay back

1 property taxes in excess of \$70,000 owed to Yavapai County as ordered in Decision Nos. 70384
2 (June 13, 2008) and 70658 (December 22, 2008) with regard to the Company's Yavapai Mobile
3 Home Estates System and Blue Hills No. 3 System, respectively. These Decisions authorized rate
4 increases for the respective systems, but conditioned the effective date of the increase upon the
5 Company securing and filing a copy of a finalized agreement with the Yavapai County Treasurer's
6 Office for the Company's payment of its delinquent property taxes for its three systems located in
7 Yavapai County including the Thunderbird Meadows System. The matter was then taken under
8 advisement.

9 Under the circumstances, the Company remains in noncompliance and since a copy of a
10 finalized agreement between the Company and the Yavapai County Treasurer's Office has not yet
11 been filed for the payment of delinquent property taxes for the Company's three systems in Yavapai
12 County, the issuance of a Recommended Order in this proceeding should be delayed until a copy of
13 the finalized agreement is filed in all three dockets. Additionally, Docket No. W-02065A-08-0138
14 should be administratively closed.

15 IT IS THEREFORE ORDERED that a Recommended Order shall not be issued in this
16 proceeding until the Company files a copy of its finalized agreement with the Yavapai County
17 Treasurer's Office for the payment of its delinquent property taxes for its three water systems in this
18 docket and in the dockets related to Decisions Nos. 70384 and 70658 as ordered previously by
19 the Commission.

20 IT IS FURTHER ORDERED that the time-frame in the above-captioned rate proceeding shall
21 remain suspended until further Order

22 IT IS FURTHER ORDERED that all parties must comply with Rules 31 and 38 of the Rules
23 of the Arizona Supreme Court and A.R.S. § 40-243 with respect to practice of law and admission
24 *pro hac vice*.

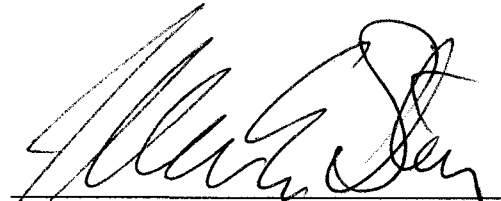
25 IT IS FURTHER ORDERED that Docket No. W-02065A-08-0138 shall be administratively
26 closed.

27 ...

28 ...

1 IT IS FURTHER ORDERED that the Presiding Administrative Law Judge may rescind, alter,
2 amend, or waive any portion of this Procedural Order either by subsequent Procedural Order or by
3 ruling at hearing.

4 DATED this 4th day of February, 2009.

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7 
8 MARC E. STERN
ADMINISTRATIVE LAW JUDGE

9 Copies of the foregoing mailed/delivered
10 this 4th day of February, 2009 to:

11 Douglas G. Martin
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13 365 East Coronado Road, Suite 200
14 Phoenix, Arizona 85004-1560
15 Attorney for Wilhoit Water Company

16 Daniel E. Furnas
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By: 

Debra Broyles
Secretary to Marc E. Stern